

Memorandum



CITY OF DALLAS

DATE May 27, 2025

Honorable Members of the City Council Housing and Homelessness Solutions
TO Committee: Jesse Moreno (Chair), Cara Mendelsohn (Vice Chair), Zarin Gracey, Chad West, Gay Donnell Willis

SUBJECT **Upcoming Agenda Item: NOFA Development Project – 6601 S Lancaster Infill**

The purpose of this memorandum is to inform the Housing and Homelessness Solutions Committee of an upcoming agenda item on June 11, 2025 to authorize **(1)** the City Manager to execute a conditional grant agreement and a development agreement with Innovan Neighborhoods, LLC, or its affiliate(s) (Applicant), each approved as to form by the City Attorney, in an amount not to exceed \$8,000,000.00 for the development of 6601 South Lancaster townhomes, a 188-unit mixed-income single-family homeownership development (Project) located at 6601 South Lancaster Road, Dallas, Texas 75241 (Property); and **(2)** conveyance of the Property to Applicant and/or affiliate(s) subject to restrictive covenants, a right of reverter with the right of reentry and recording of all necessary documents pursuant to Texas Local Government Code Chapter 272.001(g) and applicable law and regulations – Financing: Housing Infrastructure Bond (H) Fund (2024 General Obligation Bond Fund) (\$2,880,000.00), HOU 2017 Bond (I) Fund (2017 General Obligation Bond Fund) (\$1,000,000.00), Economic and Southern Area Transit-Oriented Development Funds (2012 General Obligation Bond Fund Proposition 3) (\$1,100,000.00), Mixed Income Housing Development Bonus Fund (\$1,494,276.00), and ARPA Redevelopment Fund (\$1,525,724.00)

BACKGROUND

On July 1, 2020, a 1,000-Unit Housing Challenge memorandum entitled “*Mixed-Income Housing Challenge to Transit Oriented Developments for Post-COVID-19 Economic Development Recovery Efforts*” was issued by the chairpersons of the Housing and Homelessness Solutions Committee, Transportation and Infrastructure Committee, Economic Development Committee, and Workforce, Education, and Equity Committee of the Dallas City Council. On January 12, 2021, after identifying developable City-owned sites, the City issued a Request for Proposal through Solicitation No. BYZ2-00015558 for City-owned properties.

The Applicant submitted an application for 6601 South Lancaster and received the highest score. On May 26, 2021 by Resolution No. 21-0928, the Applicant and its affiliates were awarded an opportunity to develop the site and executed a Right of Entry agreement under the 1000-Unit Housing Challenge.

The Applicant submitted a proposal in response to the City’s Notice of Funding Availability (NOFA), as amended, to receive a gap financing loan to support the construction of up to

188 single-family homeownership mixed-income housing units known as the 6601 S Lancaster development. The NOFA was issued by the Department of Housing and Community Development (Housing) in accordance with the City’s Dallas Housing Policy 2033 (DHP33) and Dallas Housing Resource Catalog (DHRC).

Housing administers programs to appropriately incentivize private investment for the development of quality, sustainable housing that is affordable to the residents of the City. Specifically, Housing administers the New Construction and Substantial Rehabilitation Program, which where necessary, seeks to provide financial assistance to new developments or substantial rehabilitation of existing developments. All projects seeking financial assistance are required to submit a Notice of Intent to apply for financial assistance through NOFA to develop affordable homeownership and rental housing. As outlined in the NOFA, multiple sources of funding are available. However, proposed projects must meet specific thresholds to qualify for the use of a specific funding source.

The NOFA scorecard criteria for single-family ownership developments include readiness, location, target population and project attributes, and Applicant experience and capacity. The Applicant received a fundable score of 100 of 169 points.

Scoring Criteria	Maximum Points	Awarded Points
Project Attributes	21	2
Equity & City Initiatives	47	30
Readiness	56	41
Developer Experience and Capacity	27	21
Bonus Points	18	6
Penalty for Nonperforming Previously Funded Projects	-10	0
Total	169	100

Housing proposes to authorize the NOFA funding request totaling \$8,000,000.00 comprised of \$4,980,000,000.00 in 2024, 2017, and 2012 General Obligation Bond Funds and \$3,020,000.00 in Mixed Income Housing Development Bonus Fund and ARPA Redevelopment Fund for infrastructure, hard construction (e.g., vertical construction such as framing, roofing, carpentry), capital expenditures, and other costs as allowed by the funding source and the DHRC.

The Applicant is a Texas-based developer, owner, and asset manager dedicated to advance community-anchored real estate development through innovative, collaborative solutions. As a partner of Matthews Southwest, Innovan Neighborhoods leverages a 30-year track record of an international, full-service private real estate company alongside community development strategies to build and strengthen neighborhoods in concert with

community stakeholders, with its core vision being to transform neighborhoods by addressing residents’ interconnected needs for physical, social, and economic stability while maintaining and celebrating a community’s unique culture.

The Applicant proposes to construct 188 mixed-income single-family homeownership units on 16+ acres within the South Lancaster neighborhood. The 188 units will be comprised of 70 two-bed two and a half bath townhomes, 99 three-bed two and a half bath townhomes, and 19 four-bed three and a half bath single-family detached homes units ranging from 1,150-2,000 square feet. This development targets both market-rate and income restricted homebuyers, where 76 units will be sold to households with incomes at 80-100% Area Median Income (AMI), and the remaining 112 units will be sold at market rate with 2027 projected per-unit sales price range from \$290,760.00 - \$355,374.00.

All homes in this development will be two-story with over 600 parking spaces, that allow for at least two parking spots per unit via one and two-car garages, dedicated driveway spaces, and ample guest parking options. Over 10% of the site is dedicated to open space, from a community hill to a walking trail. The applicant will also be providing an amenity center that includes a gathering place for residents to entertain, host events, and take care of pets in a communal environment. Additional onsite investments include parks, lighting, walking paths and open space area. The off-site infrastructure investments include partnership with the City of Dallas in upgrading the Crouch Road alignment and drainage, signalization of Crouch/Lancaster, and dedicating land for a right-hand turning lane. The proposed development is conveniently situated within three miles of Dallas University of North Texas (UNT), Dallas County Community College, UNT DART station, and multiple city parks. It is also located along a high frequency DART bus route and will conveniently provide a DART bus shelter accessible to all its residents.

Total development costs are anticipated to be approximately \$49,789,912.00 which includes the acquisition price for the land. The construction budget is anticipated to be approximately \$28,035,512.00 which is \$149,125.06 per unit.

Proposed Financing Sources	Amount
Developer Equity	\$ 8,229,900.00
Land Equity	\$ 1,089,000.00
City of Dallas 2012, 2017, and 2024 Bond Funds Grant	\$ 4,980,000.00
City of Dallas Loan	\$ 3,020,000.00
Dallas County Funds	\$ 12,600,000.00
Construction Loan	\$ 19,871,012.00
Total	\$ 49,789,912.00

DATE May 27, 2025
SUBJECT Upcoming Agenda Item: NOFA Development Project – 6601 S Lancaster Infill
PAGE 4 of 4

Proposed Uses	Costs
Acquisition	\$ 1,719,531.00
Hard Construction Costs	\$ 28,035,512.00
Soft Costs & Financing Fees	\$ 6,860,504.00
Developer Fees	\$ 2,289,065.00
Infrastructure	\$ 10,885,300.00
Total	\$ 49,789,912.00

The development is currently under review by the Office of Equity and Inclusion Fair Housing Division. Staff recommends approval of this item as it furthers the mixed-income homeownership housing goals of the DHP33 and the Housing Action Plan by expanding homeownership opportunities, located in Equity Strategy Target Area C, and meets the threshold requirements of the NOFA.

Should you have any questions or require any additional information, please contact Cynthia Rogers-Ellickson, Director, Department of Housing and Community Development at Cynthia.rogersellic@dallas.gov or 214-670-3601.

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Robin Bentley
Assistant City Manager

c: Kimberly Bizar Tolbert, City Manager
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Dominique Artis, Chief of Public Safety
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M. Elizabeth (Liz) Cedillo-Pereira, Assistant City Manager

Alina Ciocan, Assistant City Manager
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Robin Bentley, Assistant City Manager
Jack Ireland, Chief Financial Officer
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Directors and Assistant Directors